

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 ISO-00 COME-00 XMB-07 AGR-20 OPIC-12

SP-03 SS-20 CIAE-00 INR-11 NSAE-00 RSC-01 L-03 OMB-01

DRC-01 /101 W

----- 080839

R 021440Z AUG 74

FM AMEMBASSY ABIDJAN

TO SECSTATE WASHDC 9706

INFO AMEMBASSYCOTONOU

AMEMBASSY DAKAR

AMEMBASSY DOUALA

AMEMBASSY LOME

AMEMBASSY NOUAKCHOTT

AMEMBASSY YAOUNDE

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PASS USDOC AND EXIM

E.O. 11652: N/A

TAGS: ETRD, EFIN, EGEN, IV

SUBJECT: LANG AFRIQUE SUGAR PROJECT

REFERENCES: A) STATE 160559 B) ABIDJAN 5308

1. EMBASSY HAS LEARNED THAT GOIC WILL NOT REPEAT NOT AWARD CONTRACT FOR SECOND SUGAR PROJECT IN FERKESSEDOUGOU TO LANG AFRIQUE. ON JULY 31 GUY DE SPEVILLE OF KAISER ENGINEERING (PROJECT) TOLD E/C COUNSELOR IN CONFIDENCE THAT MINISTER OF AGRICULTURE SAWADOGO HAD INFORMED HIM THAT LANG AFRIQUE WOULD NOT BE AWARDED SECOND SUGAR PROJECT IN VIEW OF POOR PERFORMANCE ON FIRST PROJECT; GOIC HAD REACHED "STRAW THAT BREAKS CAMEL'S BACK" STAGE. ACCORDINGLY, GOIC WAS ENTERTAINING BIDS FROM OTHER COMPANIES AND SAWADOGO SAID SEVERAL UNSPECIFIED AMERICAN FIRMS HAD EXPRESSED INTEREST.
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GUY DE SPEVILLE TOLD SAWADOGO THAT KAISER WOULD BE INTERESTED IN

SUBMITTING PROPOSAL FOR PROJECT; KAISER WAS CURRENTLY BUILDING SUGAR COMPLEX IN BRAZIL. DE SPEVILLE WAS TO MEET WITH SODESUCRE DIRECTEUR GENERAL KIGBAFORO AND MINISTER OF ECONOMICS AND FINANCE BEDIE LATER JULY 31.

2. DURING MY COURTESY CALL ON MINISTER BEDIE ALSO JULY 31, HE VOLUNTEERED THAT GOIC WAS DISTRESSED AT LANG AFRIQUE'S POOR PERFORMANCE AND WAS SEEKING BIDS FROM OTHER COMPANIES FOR SECOND SUGAR COMPLEX. BEDIE REGRETTED THIS SITUATION. SAID HE HAD HAD HIGH HOPES FOR LANG AND HAD EXPECTED BETTER PERFORMANCE FROM AN AMERICAN COMPANY THAN LANG HAD DEMONSTRATED.

3. REGARDING COMPLETION, HANS LANG, PRESIDENT OF LANG AFRIQUE, TOLD E/C COUNSELOR AUG 1 THAT SEPT 14 IS NOW LIKELY COMPLETION DATE. FOR PAST TWO DAYS LANG HAS BEEN REVIEWING COMPLETION SCHEDULE WITH SODESUCRE. PROBLEM IS THAT DESIGN CHANGES ARE REQUIRED IN THREE AREAS. LANG EXPECTS MATERIALS REQUIRED FOR CHANGES WILL ARRIVE END AUGUST AND BE INSTALLED BY END SEPTEMBER. PLANT IS SCHEDULED TO BEGIN REFINING SUGAR OCT 28 (WHEN NEXT SUGAR CROP READY FOR CRUSHING) AND HANS LANG "SEES NOTHING THAT WILL PREVENT US FROM STARTING UP ON THAT DATE." IN RESPONSE TO QUERY CONCERNING EXTENSION OF SUGAR PROJECT, LANG REPLIED VAGUELY THAT THIS WOULD BE DISCUSSED UPON COMPLETION OF FIRST PROJECT.

4. REGARDING MAINTENANCE OF EXIM PAYMENTS SCHEDULE (REFTEL A), EMBASSY WILL CONTACT KIGBAFORO ASAP; AS NOTED ABOVE, HE IS CURRENTLY ENGAGED IN DETAILED NEGOTIATIONS WITH LANG CONCERNING NEW COMPLETION DATE.

5. COMMENT: IT IS NOW APPARENT THAT BARRING DRAMATIC REVERSAL OF LANG AFRIQUE'S FORTUNES, IT WILL NOT RECEIVE CONTRACT FOR SECOND SUGAR PROJECT. THIS DEVELOPMENT DOES NOT COME AS A SHOCK TO EMBASSY IN VIEW OF HISTORY OF LANG AFRIQUE'S MISTAKES IN IVORY COAST; WE CAN ONLY HOPE THAT ANOTHER AMERICAN COMPANY--WITH BETTER MANAGEMENT AND FINANCIAL RESOURCES--WILL BE SUCCESSFUL BIDDER ON SECOND PROJECT. FROM OUR VANTAGE POINT, WE CANNOT ASSESS AT THIS TIME WHAT THE IMPACT OF THIS SETBACK IN LANG'S EXPANSION PLANS IN IVORY COAST WILL LIMITED OFFICIAL USE

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HAVE ON LANG'S ACTIVITIES IN WEST AFRICA IN GENERAL. REPORTS FROM INFO ADDRESSEES INDICATE THAT LANG IS EXPERIENCING DIFFICULTY WITH A NUMBER OF ITS WEST AFRICAN VENTURES.

ACCORDINGLY, I RECOMMEND THAT THE DEPARTMENT CONSIDER MEANS TO PERSUADE INTERNATIONAL SYSTEMS AND CONTROLS (LANJS PARENT COMPANY) TO BUTTRESS LANG AFRIQUE OPERATIONS IN ORDER TO AVOID FURTHER DAMAGE TO US BUSINESS IMAGE IN WEST AFRICA,

A REGION WHERE POTENTIAL EXISTS FOR SUBSTANTIAL INCREASE
IN US ACTIVITY IN TURNKEY PROJECTS.

6. TELEGRAM DRAFTED AND CLEARED BEFORE AMBASSADOR SMITH'S
DEPARTURE.
DIAMANTI

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